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18 June 1953

MEMORANDUM FOR: Comptroller
General Counsel
Director of Personnel

FROM : Assistant Comptroller

SUBJECT : Salary Differential Due Detailed Employees

1. PROBLEM.--New regulations "Standardized Regulations (Government Civilians, Foreign Areas)" change the method of computation and payment of differential in such manner that an employee on temporary assignment or temporary duty away from his post of assignment may be due a corresponding increase or reduction of differential. There appears no practical manner by which this Agency can properly control differential payments in conformity with these regulations prescribed by the Department of State.
2. FACTS BEARING ON THE PROBLEM.--Federal employees in foreign areas are paid salary differential while on detail in accordance with the Standardized Regulations (Government Civilians, Foreign Areas) promulgated by the Department of State on 6 June 1953, pursuant to authority contained in Section 443 of the Foreign Service Act of 1946, 22 USC 888, and Parts I and IV of Executive Order No. 10,000 of 16 September 1948, which regulations became effective with the bi-weekly pay period which began 7 June 1953. These regulations provide:
 - a. Employees detailed for sixty or more days from post of assignment to a post of higher classification are entitled to the higher rate. Payments to employees so detailed must be supported by a personnel action authorizing or approving the detail, a travel order and the completed itinerary.
 - b. Reduction or stoppage of differential paid employees stationed at differential posts is mandatory where the employee, while away from said post, makes a stopover of fourteen or more days at a post of lower classification or an unclassified post.
3. DISCUSSION.--

a. The requirement for reduction of differential is such that any temporary assignment or duty of an employee for fourteen or more days at a post bearing a lower classification than his post of assignment automatically requires a personnel action authorizing or approving the detail, a travel order and the completed itinerary.

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or discontinue differential for such period. This gives rise to the following difficulties in payroll operation:

(1) Area travel is ordinarily ordered, and in many cases paid, by the station involved. Each such trip requiring differential reduction would cause an overpayment of differential and necessitate an adjustment in a succeeding pay period if the information is received by Headquarters. Otherwise, the overpayment would go undiscovered.

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(3) Numerous overpayments of differential and corresponding payroll adjustments would also be caused by lack of information as to the whereabouts and itineraries of staff agents. This information is often not obtained until months later, due to the sensitivity of the projects involved.

(4) The use of travel authorizations on file in Finance Division to stop differential payments in proper cases would appear unreliable, since a considerable percentage of these orders are canceled and no travel is performed thereunder.

b. The above-described difficulties involving overpayments could be substantially overcome by two different methods. Each method, however, has other objectionable features as follows:

(1) The requirement that reduction of differential be on the same basis as increases (i. e., 60-day stopover, personnel action, travel order, itinerary) would enable Headquarters to handle such items in the same manner as any other pay change based on a personnel action. Nevertheless, this

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(2) The decentralization of payment of differential to the stations involved would relieve Headquarters of the difficulties of administering the regulations, but would result in new problems by reason of the fact that differential is taxable salary. There would be required periodic reports from the stations of the differential paid each employee and Headquarters' notification to the stations of each change in an employee's basic salary. It would be difficult, also, to ensure issuance of Forms W-2 by the due date and include thereon the differential actually paid during the year. In addition, this method provides no solution to the problems of [REDACTED] staff agents.

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4. CONCLUSIONS.--

- a. Proper administration of the Standardized Regulations governing increases in differential due employees detailed sixty or more days to a higher rate post appears possible if handled on a claim basis by reason of the requirement of personnel documentation as a prerequisite to payment, thereby vesting in Headquarters complete control over entitlement.
- b. Under this Agency's centralized payrolling procedures it appears patently impossible to prevent innumerable overpayments of salary differential if the Standardized Regulations are applied as written.
- c. It appears inequitable to require personnel documentation and a sixty-day stay at a hardship post before an employee earns differential when a fourteen-day stay at another post will deprive him of all or a portion of his differential.
- d. There is no completely desirable solution to the difficulties and inequities created by the new regulations. However, from the standpoint of difficulty of payroll operation, the more desirable of the two discussed would appear to be that of treating increases and decreases in differential payments in a like manner.

5. ACTION RECOMMENDED.--

- a. In order to assure control over salary differential payments during the period of time necessary to obtain a permanent solution to the problem, it is suggested that the attached Annex A be issued as an Agency Notice.
- b. Permanent solutions are presented in the alternative:
 - (1) That this Agency not recognize the definition of detail contained in Section 115g (2) of the Standardized Regulations;

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but instead recognize the following definition of detail contained in Section 115g (1) of said regulations as governing both increases and reductions in salary differential payments to Agency employees. "The temporary assignment or temporary duty of an employee away from his permanent station not classified for differential to a post or area which is so classified, or away from his permanent station which is classified for differential to a post or area classified at a higher rate, when the head of agency shall have determined by appropriate personnel documentation that the contemplated duration of the temporary assignment or temporary duty is for a substantial period of time estimated at not less than sixty calendar days, or that its actual duration was sixty calendar days or more."

(2) That salary differential be paid directly to employees by the stations involved and that such stations be required to report to Headquarters at least monthly the amount of differential paid each employee.

c. A meeting will be held on Wednesday, 24 June 1953, at 10:00 A. M., in Room 209 Central Building, to discuss the above alternatives and decide upon a course of action in connection with this problem.


Assistant Comptroller

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Attachment

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